



To: All Community Development Recipients
From: IHCDA Community Development Department
Date: February 22, 2007

Notice: FSP-07-02

Re: HOME & IHCDA Owner-occupied Rehabilitation (OOR) Award
Contract Term – Performance Requirement
March 30, 2007 – Funds Drawn – De-obligation – Re-allocation

IHCDA made two (2) Owner-occupied Rehabilitation (OOR) Awards to each Community Action Agency (CAA) of Indiana. One award used HOME Funds; the other award used IHCDA General Funds. The HOME and IHCDA Awards are separate awards, and IHCDA measures performance on each award individually, not combined.

The performance requirements IHCDA placed on the OOR are as follows:

1. The award must be fully expended within the contract term, March 24, 2006 – September 30, 2007.
2. 60% of the award funds must be drawn by March 30, 2007. Funds not drawn by March 30, 2007 will be subject to de-obligation.
3. De-obligated award funds will be made available to other agencies that complete their award by March 30, 2007.

Due to concerns regarding executed construction contracts, where the rehabilitation work might not be completed by March 30, 2007, and therefore, cannot be drawn, IHCDA clarified the de-obligation policy as follows:

1. If 60% of the award funds are drawn by March 30, 2007, then IHCDA will not de-obligate any funds from their award until the September 30, 2007 expiration date.

Indiana Housing Finance Authority
30 South Meridian Street, Suite 1000
Indianapolis, IN 46204-0959

Phone: (317) 232-7777
Fax: (317) 232-7778
Toll Free (In State Only): (800) 872-0371
<http://www.indianahousing.org/>



2. If a claim is submitted prior to or on March 30, 2007 and cannot be processed for payment (for whatever reason), then IHCD A will contact the CAA. The information requested by IHCD A must be submitted to and approved by ICHDA staff on or before March 30, 2007. If the claim is not approved by March 30, 2007, then that claim will not be considered in the 60% of funds drawn calculation. Therefore, IHCD A strongly recommends not waiting until March 30, 2007 to submit a claim.
3. If you have **not** drawn 60% of the award funds by March 30, 2007, IHCD A will de-obligate 100% of the funds that are **not** set-up. The set-up funds include the Rehabilitation, Program Delivery, Relocation, and Demolition Budget Line Items. If a set-up is submitted and not approved by March 30, 2007, the funds for that address will be de-obligated.
4. Before set-up can occur on the HOME and IHCD A awards, recipient organizations must include Lead-Based Risk Assessment documentation for the property, as applicable. In addition, completed Section 106 Concurrence and Clearance forms must be submitted for the HOME Award, but are not required for the IHCD A award. IHCD A has contacted the Department of Natural Resources – Division of Historic Preservation and Archaeology (DHPA) to give priority to submissions with the award number of OR-006. IHCD A will **not** make exceptions to the de-obligation policy based on Section 106 Clearance and/or Lead-based Paint issues.
5. IHCD A will de-obligate the Administration and Environmental Review Budget Line Items at the same percentage as the Rehabilitation, Program Delivery, Relocation, and Demolition is de-obligated.
6. IHCD A Community Development Representatives will e-mail each CAA the FSP Memo 07-02 and a spreadsheet outlining the current totals of the CAA's Awards as of close of business on Friday, February 16, 2007. To prevent surprises on March 30, 2007, IHCD A encourages the CAAs to review and understand the de-obligation policy and update the spreadsheet as the CAA sets up addresses and claims funds.
7. Once IHCD A determines the amount of funds available to be re-allocated, IHCD A will contact the CAAs that qualify to receive re-allocated funds to determine if the CAA wants additional funding and how many units they can complete by September 30, 2007. Qualified recipients are Community Action Agencies that have expended 100% of their original award amounts by March 30, 2007. **Please do not contact IHCD A about the additional funding; IHCD A will contact the CAA as soon as possible.**

If you have questions regarding this memo or attached spreadsheet, please contact your Community Development Representative.



EXAMPLE OF THE DE-OBLIGATION POLICY

Line Items	Current Budget	Funds Drawn
Rehab, PD, Relocation & Demolition	\$93,000.00	\$46,500.00 (50%)
Administration	\$5,000.00	\$2,500.00 (50%)
Environmental Review	\$2,000.00	\$1,000.00 (50%)
Total	\$100,000.00	\$50,000.00 (50%)

50% or \$50,000.00 of the total award has been drawn, which does not meet the 60% requirement. Therefore, funds will be de-obligated.

Line Items	Current Budget	Funds Set-up	Amount De-obligated	New Budget
Rehab, PD, Relocation & Demolition	\$93,000.00	\$69,750.00 (75%)	\$23,250.00 (25%)	\$69,750.00
Administration	\$5,000.00	NA	\$1,250.00 (25%)	\$3,750.00
Environmental Review	\$2,000.00	NA	\$500.00 (25%)	\$1,500.00
Total	\$100,000.00	\$69,750.00 (75%)	\$25,000.00 (25%)	\$75,000.00

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